



**GREENLAND RESOURCES INC.  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited)**

**FOR THE NINE MONTHS ENDED DECEMBER 31, 2019 and 2018**

**(Expressed in Canadian dollars)**

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## **GREENLAND RESOURCES INC.**

### **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying unaudited condensed consolidated interim financial statements of Greenland Resources Inc. (the "Company") are the responsibility of management and the Board of Directors.

The unaudited condensed consolidated interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed consolidated interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed consolidated interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it with sufficient knowledge to support management representations that it has exercised reasonable diligence in that (i) the unaudited condensed consolidated interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed consolidated interim financial statements and (ii) the unaudited condensed consolidated interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed consolidated interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed consolidated interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed consolidated interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

### **NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim consolidated financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying condensed consolidated interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants Canada for a review of interim financial statements by an entity's auditor.

**GREENLAND RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)

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	December 31, 2019 \$	March 31, 2019 \$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	1,558,133	2,323,110
Advances (Notes 6 and 10)	29,403	36,624
Sundry receivables	58,080	76,328
Prepaid expenses and deposits	47,536	8,320
<b>TOTAL CURRENT ASSETS</b>	<b>1,693,152</b>	<b>2,444,382</b>
<b>NON-CURRENT ASSETS</b>		
Investment (Note 8)	680,000	680,000
Equipment (Note 5)	151	1,147
<b>TOTAL NON-CURRENT ASSETS</b>	<b>680,151</b>	<b>681,147</b>
<b>TOTAL ASSETS</b>	<b>2,373,303</b>	<b>3,125,529</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	112,844	89,481
<b>TOTAL LIABILITIES</b>	<b>112,844</b>	<b>89,481</b>
<b>SHAREHOLDERS' EQUITY</b>		
<b>CAPITAL STOCK</b> (Note 7)	8,283,722	8,283,722
<b>WARRANT RESERVE</b> (Note 7)	23,250	23,250
<b>STOCK OPTION RESERVE</b> (Note 7)	707,588	748,495
<b>DEFICIT</b>	(6,754,101)	(6,019,419)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>2,260,459</b>	<b>3,036,048</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2,373,303</b>	<b>3,125,529</b>

**NATURE OF OPERATIONS AND GOING CONCERN** (Note 1)  
**COMMITMENTS AND CONTINGENCIES** (Notes 9 & 13)  
**SUBSEQUENT EVENTS** (Note 16)

APPROVED ON BEHALF OF THE BOARD:

Signed "*Ruben Shiffman*" \_\_\_\_\_, Director

Signed "*James Steel*" \_\_\_\_\_, Director

See accompanying notes to the consolidated financial statements.

**GREENLAND RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE NINE MONTHS ENDED DECEMBER 30**  
**(Expressed in Canadian dollars)**

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	Three months ended December 30		Nine months ended December 30	
	2019 \$	2018 \$	2019 \$	2018 \$
<b>EXPENSES AND OTHER INCOME</b>				
General and administration expenses	5,165	14,038	32,453	53,771
Accounting and legal	-	7,163	17,207	7,481
Consulting (Note 6)	36,438	45,100	234,088	163,664
Stock-based compensation (Notes 6 and 7)	-	-	(40,907)	-
Rent	11,048	11,400	30,457	14,250
Advertising and promotion	22,385	1,770	41,126	2,655
Investor relations	14,954	9,565	43,381	41,729
Travel and entertainment	16,785	19,401	80,970	30,003
Exploration expenses (Note 9)	46,433	232,076	289,557	591,680
Transfer agent fees	-	2,778	-	4,574
Insurance	-	747	1,483	2,242
Donations	-	-	4,000	-
Amortization (Note 5)	332	332	996	997
Foreign exchange loss	-	46	-	2,935
Interest (income)	-	(14)	(130)	(14)
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	<b>153,540</b>	<b>344,402</b>	<b>734,682</b>	<b>915,967</b>
<b>NET LOSS PER SHARE</b>				
- basic and diluted	0.002	0.005	0.010	0.013

See accompanying notes to the consolidated financial statements.

**GREENLAND RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
FOR THE NINE MONTHS ENDED DECEMBER 31  
(Expressed in Canadian dollars)

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	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period	(734,682)	(915,967)
Adjustment for:		
Stock-based compensation (Note 7)	(40,907)	-
Amortization (Note 5)	996	997
	<u>(774,593)</u>	<u>(914,970)</u>
Changes in non-cash working capital balances:		
Sundry receivables	18,248	(21,178)
Prepaid expenses and deposits	(39,218)	14,093
Advances	7,221	99,771
Accounts payable and accrued liabilities	<u>23,364</u>	<u>(191,815)</u>
Cash flows from operating activities	<u>(764,977)</u>	<u>(1,014,099)</u>
(Decrease) in cash	(764,977)	(1,014,099)
<b>CASH, BEGINNING OF PERIOD</b>	<u>2,323,110</u>	<u>3,867,022</u>
<b>CASH, END OF PERIOD</b>	<u>1,558,133</u>	<u>2,852,923</u>

See accompanying notes to the consolidated financial statements.

**GREENLAND RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
 FOR THE NINE MONTHS ENDED DECEMBER 31, 2019 AND 2018  
 (Expressed in Canadian dollars)

	Common Shares #	Subscribed Shares #	Capital Stock \$	Shares Pending Issue \$	Stock Option Reserve \$	Warrant Reserve \$	Deficit \$	Total \$
<b>Balance, March 31, 2019</b>	<b>72,253,030</b>	-	<b>8,283,722</b>	-	<b>748,495</b>	<b>23,250</b>	<b>(6,019,419)</b>	<b>3,036,048</b>
Issue of shares (Note 7)	-	-	-	-	-	-	-	-
Stock options (Note 7)	-	-	-	-	(40,907)	-	-	(40,907)
Net (loss) for the period	-	-	-	-	-	-	(734,682)	(734,682)
<b>Balance, December 31, 2019</b>	<b>72,253,030</b>	-	<b>8,238,722</b>	-	<b>707,588</b>	<b>23,250</b>	<b>(6,754,101)</b>	<b>2,260,459</b>
<b>Balance, March 31, 2018</b>	<b>54,919,697</b>	<b>17,333,333</b>	<b>5,683,722</b>	<b>2,600,000</b>	<b>536,000</b>	<b>23,250</b>	<b>(4,291,009)</b>	<b>4,551,963</b>
Issue of shares Note 7)	17,333,333	(17,333,333)	2,600,000	(2,600,000)	-	-	-	-
Net (loss) for the period	-	-	-	-	-	-	(915,967)	(915,967)
<b>Balance, December 31, 2018</b>	<b>72,253,030</b>	-	<b>8,283,722</b>	-	<b>536,000</b>	<b>23,250</b>	<b>(5,206,976)</b>	<b>3,635,996</b>

See accompanying notes to the consolidated financial statements.

## **1. NATURE OF OPERATIONS AND GOING CONCERN**

Greenland Resources Inc. (the "Company") was incorporated under the laws of the Province of Ontario by articles of incorporation dated February 7, 2008 and was engaged in early stage biomedical research. The Company had one project, which was to collaborate with and provide funding to the Hospital for Sick Children for a project involving certain brain tumour and stem cell research (see Note 14). The Company is now engaged in the acquisition, exploration and development of mineral properties in Greenland. The Company owns a 100% interest in both the Malmbjerg Molybdenum Project and the Storø Gold Project. Both are exploration projects located in Greenland. The Company's registered office is at 18 King Street East, Suite 902, Toronto, Ontario M5C 1C4.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations on such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, and non-compliance with regulatory and environmental requirements.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the realization of assets and discharge of liabilities in the normal course of business. There are certain conditions that cast doubt on this assumption. The Company has incurred losses from operations since inception.

The ability of the Company to continue as a going concern is dependant upon the development and commercialization of its mineral exploration project, and the generation of positive cash flows from operations. The business of exploring for minerals involves a high degree of risk and there can be no assurance that future exploration and development programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

As at December 31, 2019, the Company has not earned revenue and has an accumulated deficit of \$6,754,101. The Company's ability to continue as a going concern in the longer term is dependent upon its ability to obtain additional financing and achieve profitable operations in the future. There is no assurance that the Company will be successful in achieving these objectives. Management believes it has sufficient working capital to support operations for the next twelve months. These financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

These financial statements were approved by the Board of Directors on February 26, 2020.

## **2. BASIS OF PREPARATION**

### **Statement of compliance**

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (IAS34). Accordingly, they do not include all of the information required for full annual financial statements by IFRS as issued by IASB and interpretations issued by IFRIC.



**2. BASIS OF PREPARATION (Continued)**  
**Statement of compliance (Continued)**

The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of February 26, 2020, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these consolidated financial statements as in the most recent annual financial statements as at and for the year ended March 31, 2019. Any subsequent changes to IFRS that may be given effect in the Company's annual financial statements for the year ending March 31, 2020 could result in restatement of these unaudited condensed interim financial statements.

The policies have been consistently applied to all periods presented unless otherwise noted.

**Basis of measurement**

These consolidated financial statements are prepared on the historical cost basis, except for certain financial instruments that are carried at fair value. In addition, these consolidated financial statements are prepared using the accrual basis of accounting except for cash flow information. These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

**Principles of consolidation**

These financial statements include the accounts of the Company and its wholly owned subsidiary, Copenhagen Minerals Inc. ("CMI"). Intra-group balances and transactions are eliminated in preparing the consolidated financial statements.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**Changes in accounting standards**

During the three-month period ended June 30, 2018, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IFRS 16 - *Leases* and IFRIC 23 - *Uncertainty Over Income Tax Treatments*. These new standards and changes did not have any material impact on the Company's financial statements.

**4. FUTURE ACCOUNTING CHANGES**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning on or after April 1, 2019 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – *Presentation of Financial Statements* (“IAS 1”) and IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors* (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IFRS 10 – *Consolidated Financial Statements* (“IFRS 10”) and IAS 28 – *Investments in Associates and Joint Ventures* (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, although early adoption is permitted.

**5. EQUIPMENT**

For the nine months ending December 31, 2019

	Field equipment	Computer equipment	Total
Net book value, beginning	\$ 1,147	\$ -	\$ 1,147
Amortization	(996)	-	(996)
Ending	<u>151</u>	<u>-</u>	<u>151</u>
Consisting of			
Cost	6,644	3,675	10,319
Accumulated amortization	(6,493)	(3,675)	(10,168)
	<u>151</u>	<u>-</u>	<u>151</u>

For the year ending March 31, 2019

	Field equipment	Computer equipment	Total
Net book value, beginning	\$ 2,476	\$ -	\$ 4,277
Amortization	(1,329)	-	(1,801)
Ending	<u>1,147</u>	<u>-</u>	<u>2,476</u>
Consisting of			
Cost	6,644	3,675	10,319
Accumulated amortization	(5,497)	(3,675)	(9,172)
	<u>1,147</u>	<u>-</u>	<u>1,147</u>

**6. RELATED PARTY TRANSACTIONS**

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (executive and non-executive) of the Company. The following table shows the compensation paid to key management personnel.

<b>Key Management</b>	<b>Period (Q1-3)</b>	<b>Management fees (\$)</b>	<b>Performance bonuses (\$)</b>	<b>Share based compensation (\$)</b>	<b>Other (\$)</b>	<b>Total compensation (\$)</b>
Officers	2020	185,438	-	(40,907)	-	144,531
	2019	131,664	15,000	-	-	146,664
Directors ( <i>not including officers</i> )	2020	-	-	-	45,000	45,000
	2019	-	-	-	27,000	27,000
Totals	2020	185,438	-	(40,907)	45,000	189,531
	2019	131,664	15,000	-	27,000	173,664

One officer of the Company held an expense advance at December 31, 2019, with a balance of \$29,403 in total (March 31, 2019 - \$36,624). This amount is unsecured, non-interest-bearing and due on demand.

The above transactions were conducted in the normal course of business and were accounted for at the exchange amount which is the amount agreed between the parties.

During the year ended March 31, 2016, the Company made a \$300,000 investment in the shares, which it still owns, of Shiffoil Inc. (formerly 1885683 Alberta Ltd.), a private oil and gas company with property in western Canada. (See Note 8.) Two directors of the Company are directors and shareholders of Shiffoil.

During the year ended March 31, 2019, 3,600,000 stock options were granted to two directors of the Company (2018 – Nil) under the Company's stock option plan. These options were valued at \$396,000 in total, of which an amortized amount of \$212,495 was recognized in the year ended March 31, 2019. As a result of the death of one of those directors, an adjustment in the stock-based compensation for unvested options resulted in a reduction of \$40,907 during the quarter ended June 30, 2019.

**7. CAPITAL STOCK, WARRANTS AND STOCK OPTIONS**

**(a) Authorized**

Unlimited number of common shares with no par value

**(b) Issued**

	Number of shares #	Amount \$
Balance, March 31 and December 31, 2019	72,253,030	8,283,722

**(c) Warrants**

	Warrants #	Grant Date Fair Value \$	Exercise Price \$
Balance, March 31 and December 31, 2019	<u>250,000</u>	<u>23,250</u>	<u>0.10</u>

250,000 warrants were issued to an agent pursuant to a prior financing. These non-assignable agent's warrants are exercisable at \$0.10 per share for a period of 24 months following the date of listing of the common shares on a recognized stock exchange.

**(d) Stock options**

The Company has granted options for the purchase of common shares, both under its stock option plan dated April 28, 2015 for employees, officers, directors and consultants of the Company and as investor stock options, described in (i), (ii) and (iii) below, which are separate from the stock option plan. The options are non-assignable and may be granted for a term not exceeding five years. The exercise price of the options is fixed by the Board of Directors of the Company at the time of grant not less than the market price of the common shares, subject to all applicable regulatory requirements.

As at December 31, 2019, there were five series of stock options outstanding, as follows:

Outstanding Options #		Exercisable Options #	Exercise Price (\$ per share)	Weighted Average Remaining Contractual Life (years)	Expiry Date
2,100,000	(ii), (iii)	2,100,000	0.20	0.83	April 28, 2020
700,000		700,000	0.20	3.37	November 9, 2022
1,900,000		1,900,000	0.20	3.76	March 29, 2023
1,800,000	(i), (ii), (iii)	594,000	0.20	4.56	January 15, 2024
994,000	(i), (ii), (iii)	594,000	0.20	0.74	March 27, 2020
<u>7,494,000</u>		<u>6,288,000</u>	<u>0.20</u>	<u>2.69</u>	

**7. CAPITAL STOCK, WARRANTS AND STOCK OPTIONS (Continued)**

**(d) Stock options (Continued)**

The following table summarizes changes in stock options:

	Options #	Grant Date Fair Value \$	Exercise Price \$
Balance, March 31, 2018	5,100,000	536,000	0.20
Granted January 15, 2019 (i)	3,600,000	396,000	0.20
Expired March 27, 2019 (ii)	(1,206,000)	(132,660)	0.20
Balance, March 31, 2019	7,494,000	799,340	0.20
Valuation correction (iii)	-	(40,907)	0.20
Balance, December 31, 2019	7,494,000	758,433	0.20

- i. On January 15, 2019, the Company granted 3,600,000 stock options to two officers and directors with an exercise price of \$0.20 per option. The options expire five years from the grant date, January 15, 2024. The options vest as to 33% immediately on granting, 33% at the end of six months from the date of grant and the remaining 34% at the end of twelve months from the date of grant. The grant date fair value was estimated using the Black Scholes pricing model with the following assumptions: current stock price of \$0.15, expected dividend yield of 0%, expected volatility of 100%, risk free rate of 1.9% and expected life of 5 years. Volatility was based on the historical volatility of comparable companies. The grant date fair value of the options granted was estimated to be \$396,000, of which \$212,495 is recognized in the current year and allocated to stock-based compensation.
- ii. On March 27, 2019, the Company's President and CEO passed away. At the time he held 400,000 stock options issued in 2015 and scheduled to expire on April 28, 2020, and 1,800,000 stock options issued in 2019 and scheduled to expire on January 15, 2024. Of his 2019 options, 594,000 were vested and exercisable. The Company's stock option plan provides that, if an optionee dies, the options then vested of the deceased option holder will be exercisable by his or her estate for a period to be determined by the compensation committee or the Board, as applicable, not exceeding 12 months or the balance of the term of the options, whichever is shorter. These options have therefore been removed from their original line on the preceding table and shown separately with their new expiry date. The weighted average remaining contractual life has been recalculated to reflect this change from previous disclosure.
- iii. In the quarter ended June 30, 2019 a correction was made to the value of the expired stock options described in 7(d)(ii), above.

**8. INVESTMENT**

On June 9, 2015, the Company participated in a private placement under which it acquired 2,000,000 common shares of a private oil and gas company at \$0.15 per share, for a total investment of \$300,000.

In December 2016 and March 2017, the investee company completed arm's length private placement financings in which an additional 19,100,000 common shares were sold, at a price of \$0.198 per share, resulting in an unrealized gain of \$96,000 being recognized in the statement of loss for the year ended March 31, 2017 to increase the value of the Company's investment accordingly.

In December of 2017, the investee company completed an arm's length private placement financing in which an additional 3,961,538 common shares were sold, at a price of \$0.39 per share. As a result, the Company recognized an unrealized gain of \$384,000 in the carrying value of its investment for the year ended March 31, 2018.

The Company recognized an unrealized loss of \$100,000 in the carrying value of its investment during the year ended March 31, 2019, based on the transaction prices of a number of purchases, sales and treasury issuances between arm's length parties around the time of issuance.

The following table shows the securities, with percentage of ownership in the investee company that the shares owned by the Company represented, held by the Company at the dates indicated:

	<u>December 31, 2019</u>			<u>March 31, 2019</u>		
	<u>Shares</u>	<u>%</u>	<u>\$</u>	<u>Shares</u>	<u>%</u>	<u>\$</u>
Shiffoil Inc.	<u>2,000,000</u>	<u>3.5</u>	<u>680,000</u>	<u>2,000,000</u>	<u>3.5</u>	<u>680,000</u>
Total investment			<u>680,000</u>			<u>680,000</u>

See Notes 6 and 10.

**9. EXPLORATION AND EVALUATION PROPERTIES**

The Company has two exploration license areas in Greenland.

License 2014/11, referred to as the Storø Project, is held through the Company's wholly-owned subsidiary CMI. It was renewed for a further five years following expiry of its first five-year term on December 31, 2018. On December 10, 2019, the area covered by the license was reduced from 28 km<sup>2</sup> to 12 km<sup>2</sup>. The minimum exploration requirement for calendar 2018 (year 5) in order to retain the 28 km<sup>2</sup> license, as calculated by the Greenland government, was DKK 1,121,000 or approximately \$230,000; the Corporation met this obligation through carryforward expenses. The minimum exploration requirement for calendar 2019 (year 6), considering the reduced area, was DKK 852,800 or approximately \$165,000; carryforward expenses of DKK 591,393 (\$114,270) plus actual exploration expenditures in the year will leave the corporation with a small balance owing. Annual requirements for years 7 through 10 will be similar to this Year 6 amount, subject to required inflation adjustments to the government schedule and CAD/DKK foreign exchange fluctuations.

License 2018/11, referred to as the Malmbjerg Molybdenum Project, was acquired by the Company in December, 2017 and is valid until December 31, 2022 as long as minimum annual work requirements are met. The minimum exploration expenditure requirement for 2019 (year 2) for the license, as calculated by the Greenland government, is DKK 308,320 or approximately \$65,000. After Year 5 the Company has the option to extend the license for a further five years from December 31, 2022. By the end of the year ended March 31, 2019, the Company's expenditures on engineering studies of Malmbjerg had exceeded the minimum amount required for the first license renewal date of December 31, 2018 and the excess expenditures may be applied to future requirements, meeting the required renewal amounts until the end of Year 3 at December 31, 2021.

**9. EXPLORATION AND EVALUATION PROPERTIES (Continued)**

Total exploration expenses, including off-property generative and due diligence work for the year came to \$678,864 (2018 - \$227,863), as outlined below.

a) Storø Gold Project

Exploration and evaluation expenditures for the Storø property during the year ended March 31, 2019 totalled \$7,513 (2018 - \$14,105). Exploration expenditures incurred by the Company are summarized in the following table:

	<b>9 months ended December 31, 2019 \$</b>	<b>Year ended March 31, 2019 \$</b>	<b>Year ended March 31, 2018 \$</b>
Consulting, deposit studies	37,000	-	12,800
Tenure	8,871	7,513	-
Travel and accommodation	-	-	1,305
	<u>45,871</u>	<u>7,513</u>	<u>14,105</u>

b) Malmbjerg Molybdenum Project

Exploration and evaluation expenditures for the Malmbjerg Molybdenum property during the year ended March 31, 2019, totalled \$671,351 (2018 - \$23,497). Exploration expenditures incurred by the Company are summarized in the following table:

	<b>9 months ended December 31, 2019 \$</b>	<b>Year ended March 31, 2019 \$</b>	<b>Year ended March 31, 2018 \$</b>
License fees, tenure	3,240	2,000	7,400
Consulting, deposit studies	221,592	652,715	15,536
Supplies and services	3,069	2,891	561
Travel	15,786	13,745	-
	<u>243,686</u>	<u>671,351</u>	<u>23,497</u>

**10. FINANCIAL INSTRUMENTS**

**Fair Value**

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the reporting date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

**10. FINANCIAL INSTRUMENTS (Continued)**

**Fair Value (Continued)**

The carrying values of cash, advances, sundry receivables and accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

The Company based its estimate of the fair value of its investment in Shiffoil Inc. (formerly 1885683 Alberta Ltd.) (see Note 8) as at March 31, 2019 on the transaction prices of purchases, sales and treasury issuances between arm's length parties around the time of issue. The mean price between the high of a loan conversion transaction in November 2018 and other private sales around the time of issue valued each share of Shiffoil at \$0.34 at March 31, 2019. The Company therefore adjusted the value of its holdings to this newly established price as shown in the following table of Level 3 fair value adjustments.

	<b>Nine months ended December 31, 2019</b>	<b>Year ended March 31, 2019</b>
<b>Investment in Shiffoil Inc., fair value</b>	<b>\$</b>	<b>\$</b>
Balance, beginning of period	680,000	780,000
Changes in valuation	-	(100,000)
<b>Balance, end of period</b>	<b>680,000</b>	<b>680,000</b>

**Risk Factors**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous period.

**Liquidity Risk:**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2019, the Company had a cash balance of \$1,558,133 (March 31, 2019 - \$2,323,110) to settle current liabilities of \$112,844 (March 31, 2019 - \$89,481). All of the Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

**Interest Rate Risk:**

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in money market funds and investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

**Credit Risk:**

The Company's credit risk is primarily attributable to sundry receivables and expense advances. Included in sundry receivables is sales tax refunds due from the Government of Canada. From time to time the Company makes advances to certain of its personnel and suppliers to expedite work that requires them lay out funds for significant expenses that are reimbursable or as prepayment for planned future work. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to those financial instruments included in sundry receivables and advances is remote.



## **10. FINANCIAL INSTRUMENTS (Continued)**

### **Risk Factors (Continued)**

#### Foreign Exchange Risk:

The Company's functional and reporting currency is the Canadian dollar and purchases of goods and services have generally been transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses on a cash basis in Danish Krone (DKK) or other currencies converted from its Canadian dollar bank accounts held in Canada. Management believes the foreign exchange risk derived from currency conversions is, for the foreseeable future, negligible and therefore does not hedge its foreign exchange risk. As at December 31, 2018 and 2019, the Company's cash balances were all held in Canadian dollars. From time to time, certain suppliers to the Company's exploration program require deposits or advances that are denominated in DKK or USD. Historically the deposit amounts were all applied against bills, or refunded if unused, over relatively short time frames which made the exchange fluctuation effects immaterial in these stable currencies.

#### Price Risk:

Prices of goods and services consumed in the course of the Company's activity can fluctuate in response to supply and demand and are often driven by industry cycles. Fluctuations in commodity prices may influence financial markets and may indirectly affect the Company's ability to raise capital to fund exploration. If they vary materially from forecasts made when budgets are set it could affect the ability of the Company to complete work programs. Generally, the Company's planning time horizons are short enough that this does not present a significant risk.

The Company is also subject to price risk with respect to changes in value of its investment (See Note 8).

#### Sensitivity Analysis:

Sensitivity to a plus or minus 1 percentage point change in interest rates, based on the balance of cash as at December 31, 2019 would result in a change in interest income of approximately \$15,581 (March 31, 2019 - \$23,230) if held over a twelve-month period.

Sensitivity to a plus or minus 10 percentage point change in the value of the investment at December 31, 2019 would result in a change in the investment of approximately \$68,000 (at March 31, 2019 - \$68,000).

## **11. CAPITAL MANAGEMENT**

The Company considers its capital structure to consist of capital stock, warrant and stock option reserves and accumulated deficit. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to fund its exploration activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The projects in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration programs and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the six months ended December 31, 2019 or the year ended March 31, 2019.

## **12. COMMITMENTS AND CONTINGENCIES**

The Company's exploration and evaluation activities are subject to various international and federal laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations. Under the mining law of Greenland certain levels of expenditure are required to have been incurred in order to renew licenses annually, and the Company intends to continue to meet those requirements at Storø and Malmbjerg. (See Note 9.) The Company has no commitments with members of its management team.

## **13. PREVIOUS RESEARCH PROJECT**

On February 8, 2008, the Company entered into a research agreement with The Hospital for Sick Children ("HSC") regarding funding and collaboration with respect to certain research conducted by HSC regarding brain tumour stem cells and the Company funded \$300,000 of research expenses. The Company is entitled to 10% of HSC's net proceeds from any commercialization agreements pertaining to intellectual property derived from that research. HSC reports that the larger research project, which includes some of the materials subject to the Company's interest, is ongoing

## **14. SEGMENTED INFORMATION**

The Company's operations consist of the acquisition, exploration and development of mineral properties. During the six months ended December 31, 2019 and the year ended March 31, 2019, substantially all of the Company's assets and operations related to the acquisition, exploration and development of resource properties were held in Canada. All of its exploration properties were located in Greenland. As at December 31, 2019, equipment valued at \$151 was located in Greenland (\$1,147 at March 31, 2019).